

The Effects of Consumer Experience towards Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement at Kepo Market in Surabaya

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ABSTRACT

As digital retail has become common, revenue at traditional retailers has naturally begun to decline, pop-up market has become a go-to marketing strategy that retailers looking for these days. Pop up market give brands the opportunity to optimizing the customer experience, engage customer through events and brands, and convert visitor into a loyal customers. The purpose of this study is to analyze the effects of consumer experience towards behavioral intention of loyalty through consumer event engagement and consumer brand engagement at Kepo Market in Surabaya. The data analysis technique used is the Structural Equation Model (SEM) to test the predetermined variables. Sample from 200 respondents was taken and proceed to determine the effect of this study. The result of this study showed that consumer experience gives an effect on behavioral intention of loyalty through consumer event engagement and consumer brand engagement. These insights have important implications for anyone who will conduct a similar study.

KEYWORDS: Consumer Experience, Consumer Event Engagement, Consumer Brand Engagement, Behavioral Intention of Loyalty

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INTRODUCTION

The pop-up market has become an effective marketing strategy, especially for organizers and retailers. Creating a pop-up market can be a great opportunity to create a memorable experience and get people hooked with the brand. Then, if the pop-up market can make a better impression it will guarantee that the customers will be loyal to them. The objectives of the study that contained in this study aims to identify and analyze the effect of: Consumer Experience on Consumer Event Engagement at Kepo Market in Surabaya, Consumer Experience on Consumer Brand Engagement at Kepo Market in Surabaya, Consumer Event Engagement on Behavioral Intention of Loyalty at Kepo Market in Surabaya, Consumer Brand Engagement on Behavioral Intention of Loyalty at Kepo Market in Surabaya, and Consumer Experience on Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement at Kepo Market in Surabaya. The advantages of the study that can be taken in this study are: as a reference for anyone who will conduct a similar study about the effects of Consumer Experience towards Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement at Kepo Market in Surabaya, and provide information about the Kepo Market in Surabaya specifically the influence of Consumer Experience towards Behavioral

Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement.

LITERATURE REVIEW

Previous Research

Based on the first previous study is made by Dwivedi (2015) in New Delhi, India. The title of the study is "A higher-order model of consumer brand engagement its impact on loyalty intentions". The variables that are used are Consumer Brand Engagement as an independent variable, and loyalty intentions as a dependent variable. Object in this study are mobile phones with various brands such as Samsung, Nokia, Apple, HTC, Karbonn, LG, Sony Ericsson, and Blackberry. The respondents in this study were 420 people with the condition that the respondent is a business student who is enrolled in a management college. The author use SEM (Structural Equation Model) as their data analysis technique. The result of the study found that consumer brand engagement has a strong direct impact on loyalty intentions after seeing the effects of traditional valuations. Not only does brand engagement have a significant impact on loyalty intentions, but it also explains significantly greater variations besides variations that are shared by value, quality, and satisfaction.

The second previous study is made by Greve (2014) in Germany with title "The moderating effect of customer engagement on the brand image-brand loyalty relationship". Variables that are used are Customer Engagement, Brand Image, and Brand Loyalty. Object in this study is the Facebook fan-page of HSBA (Hamburg School of Business Administration) University with 201 people as their respondents. The author use Partial Least Square as their data analysis technique. The study found out that passive engagement activity has an influence on brand loyalty. The author also found that brand image is negatively moderated by engagement activity, which means a higher level of engagement can reduce the brand image link on brand loyalty.

The third previous study is made by Altschwager on 2014 in Australia. The title of the study is "Branded marketing events: the influence of event experience on customer engagement". The variables that used in this study such as Experiential Needs, Customer Event Engagement, Customer Brand Engagement, and Behavioral Intention of Loyalty. Object in this study are South Australian's wine industry. The respondents in this study were 274 people with Structural Equation Model (SEM) as their data analysis technique. Result of the study showed that there was a mutually supportive relationship in the variable customer event engagement and customer brand engagement in the social dimension. BME experience facilitates customer brand engagement through customer engagement events. Then, the need for cognition has a significant moderation effect between BME experience and customer event engagement, researchers also found that an individual's need for affection or seeking needs moderate the relationship between BME experiences and customer event engagement.

Theoretical Basis

Experience is a response in terms of interacting between consumers and products, and with organizations or companies for giving a reaction. Definition of experience according to Schmitt (1999), are events that occur in response to stimulation or stimulation. Irawan (2006) said that customer experience is simply a process, strategy, and implementation of a company to manage consumers against their experience with a product or service. The purpose of customer experience is to be able to build relationships with consumers and create customer loyalty. Schmitt (1999) refers to the role of customers as creatures of rational and emotional character who want to experience a pleasant experience. A pleasant experience can come from 5 aspects such as sense, feel, think, act, and relate. According to Verhoef et al. (2009) building, customer experience is holistically natural and involves cognitive, affective, emotional, physical, and social responses to customers to retailers, and this definition is the latest and still has a lot to do with retail. Consumer experience is a subjective thing that is felt by customers when interacting directly or indirectly with the company. "However, companies can choose what kind of experiences they aim to produce" (Löytänä & Kortesuo 2011: 11). Therefore, each experience in the same way that is owned by consumers will differ from one another. Positive experiences do not happen by chance or come from the functions or features of the products, but must be created and built so that consumers can have the best experience.

Engagement according to Brodie et al., (2011a) in Hollebeek (2011a) is "a psychological mindset that occurs through

interactive experiences between engagement subjects and objects". Consumer event engagement is defined as the intensity of individual participation in and its relationship with organizational offerings and/or organizational activities, carried out by customers or organizations (Vivek et al., 2012: 127). Customers engage in several behaviors that strengthen relationships with products, companies, or brands that go beyond buying behavior (Gummerus et al., 2012). According to Otter (1988), "event marketing consists of purposeful activities through which a firm attempts to build and strengthen its brands with self-organized events for a limited target group while utilizing various forms of marketing communication". Initially, the marketing event itself aims to meet the needs of the company but the definition then develops and makes the marketing event a marketing tool that provides opportunities for consumers and companies to interact with each other. Marketing events have special characteristics compared to other forms of marketing communication, where marketing events use several communication problems that help to overcome the problem of over-communication. According to Kronvall & Törnroos (1998) "events are selected by their potential to reach target markets and accomplish objectives in the most efficient way compared to alternative investments". Marketing events provide the power of integration for all elements of the marketing mix that are designed around it so that it is very effective as a marketing communication tool.

Kahn (1990) stated that "engagement means to be psychologically present when occupying and performing an organizational role". Since then, the term has emerged as a psychological state (such as involvement, commitment, attachment, and moods), a construct of performance (such as observable behavior), disposition, or a combination of these (Macey & Schneider, 2008). Consumer brand engagement is defined as the intensity of individual participation in and its relationship to organizational offerings and/or organizational activities, carried out by customers or organizations. Hollebeek (2011) describes consumer brand engagement as "an individual-level construct which is supported by the early work on the nature of the construct". Hollebeek (2011) adds that "the subject of engagement is the individual consumer and the object is a specific brand".

Behavioral intentions have been defined by Eagly & Chaiken (1993) as "a person's conscious plan to exert effort to carry out a particular behaviour with these intentions being formed from both a personal evaluative and a normative construct". Zeithaml et al., (1996) added behavioral intentions of customers were conceived as either favorable or unfavorable. This means that positive behavioral intentions can benefit the relationship between companies and consumers. "High service quality and a positive experience often lead to favorable behavioral intention toward the service provider, and to the customer willingly paying a higher price" (Hoch & Deighton, 1989). Sambandam & Lord (1995) explain that "when the product quality does not meet expectations, customers feel dissatisfied, and this may influence their subsequent behavior." According to Zhang et al., (2011) dissatisfied customers tend to have lower repurchase intentions and are more likely to engage in complaints behavior than satisfied customers. According to Srinivasan et al., (2002) loyal customers will consider economic factors and relationships with the company during shopping, while less loyal customers might mainly consider economic factors. Rauyruen & Miller (2007) identified

behavioral loyalty as the willingness of customers to repurchase services or products and to maintain relationships with service providers or suppliers.

Research Model

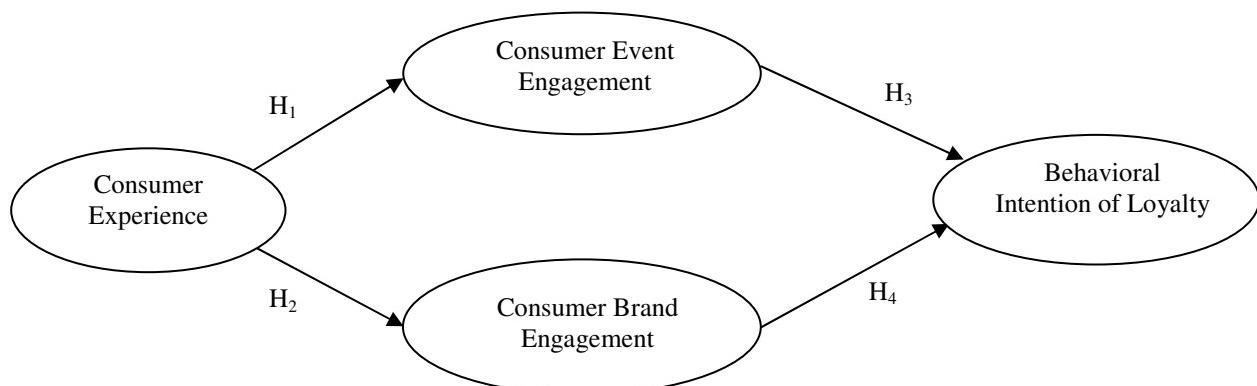


Figure 1. Research Framework

This figure explained about the effects of Consumer Experience towards Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement.

Hypothesis

Based on the theoretical basis and previous research, the hypothesis can be defined as follows:

1. Consumer Experience has significant effect towards Consumer Event Engagement at Kepo Market in Surabaya.
2. Consumer Experience has significant effect towards Consumer Brand Engagement at Kepo Market in Surabaya.
3. Consumer Event Engagement has significant effect towards Behavioral Intention of Loyalty at Kepo Market in Surabaya.
4. Consumer Brand Engagement has significant effect towards Behavioral Intention of Loyalty at Kepo Market in Surabaya.
5. Consumer Experience has significant effect towards Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement at Kepo Market in Surabaya.

RESEARCH METHODOLOGY

The type of research used is a causal study to identify the extent and nature of the cause-and-effect relationship between variables. This study was conducted in Surabaya by taking Kepo Market as an object. The data from 200 respondents were used in this study and have characteristics as follows at least 17 years old, domiciled in Surabaya, and have visited Kepo Market at least 1 time in the last 2 months. The sampling technique in this study used non-probability sampling by purposive sampling that are selected based on the subjective assessment of the respondents. Data collection tools used in this study was questionnaire by using a Likert scale (1-5) as a measurement of the variables. The data analysis technique used in this study is the Structural Equation Model (SEM).

RESULTS AND DISCUSSION

Result

Based on the result, the hypothesis test can be explained as follows: Consumer Experience has a positive and significant effect on Consumer Event Engagement. This influence can be proved with loading factor 1.12 and t-value 3.39 ($t\text{-value} \geq 1.96$). Consumer Experience positively and significantly

Dimitriades (2006) emphasizes that the buying behavior seen is in actions that originate from the past, not in the future.

impacts Consumer Brand Engagement with loading factor 0.81 and t-value 3.85. Consumer Event Engagement has a positive and significant effect on Behavioral Intention of Loyalty with loading factor 0.23 and t-value 2.99. Consumer Brand Engagement positively and significantly impacts Behavioral Intention of Loyalty. This influence can be proved with the loading factor 1.02 and t-value 4.00 ($t\text{-value} \geq 1.96$). Consumer Experience has a positive and significant effect towards Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement with loading factor 1.08 and t-value 4.31 ($t\text{-value} \geq 1.96$).

Discussion

The effect of Consumer Experience on Consumer Event Engagement

Based on the result of the structural equation, it can be stated that the effect of Consumer Experience on Consumer Event Engagement is positive. Hypothesis testing proves the effect of Consumer Experience towards Consumer Event Engagement with loading factor of 1.12 and t-value 3.39 ($t\text{-value} \geq 1.96$). This proved that the influence of Consumer Experience on Consumer Event Engagement is significant.

The effect of Consumer Experience on Consumer Brand Engagement

Based on the hypothesis testing, the influence of Consumer Experience on Consumer Brand Engagement is positive. It can be shown by loading factor 0.81 and t-value 3.85 ($t\text{-value} \geq 1.96$) which means that the influence of Consumer Experience on Consumer Brand Engagement is significant.

The effect of Consumer Event Engagement on Behavioral Intention of Loyalty

Based on the result of the structural equation, it can be stated that the effect of Consumer Event Engagement on Behavioral Intention of Loyalty is positive. Hypothesis testing proves the effect of Consumer Event Engagement towards Behavioral Intention of Loyalty with loading factor of 0.23 and t-value 2.29 ($t\text{-value} \geq 1.96$). This proved that the influence of Consumer Event Engagement on Behavioral Intention of Loyalty is significant.

The effect of Consumer Brand Engagement on Behavioral Intention of Loyalty

Based on the hypothesis testing, the influence of Consumer Brand Engagement on Behavioral Intention of Loyalty is positive. It can be shown by loading factor 1.02 and t-value 4.00 ($t\text{-value} \geq 1.96$) which means that the influence of

Consumer Experience on Consumer Brand Engagement is significant.

The effect of Consumer Experience on Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement

Based on the result of the structural equation, it can be stated that the effect of Consumer Experience on Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement is positive. Hypothesis testing proves the effect of Consumer Experience on Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement with loading factor of 1.08 and t-value 4.31 (t-value \geq 1.96). This proved that the influence of Consumer Experience on Behavioral Intention of Loyalty through Consumer Event Engagement and Consumer Brand Engagement is significant.

CONCLUSION AND SUGGESTION

This study examined the effects of consumer experience towards behavioral intention of loyalty through consumer event engagement and consumer brand engagement at Kepo Market in Surabaya. Based on the result of hypothesis testing and discussion on the study, it can be concluded that all hypothesis are accepted and the influence among variables are also significant. This study can be used as a reference to anyone who wants to conduct a similar study, by adding some of the additional variables that can be used in future studies. Suggestions that can be given in this study is that Kepo Market can enhance brand collaboration that can make some visitors more eager to be involved in the event, and Kepo Market can build up new relationship with their new vendors who will work with them in the future.

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